

Frederick County, Maryland

**Schedule of Expenditures of Federal
Awards and Reports of Independent
Certified Public Accountants**

June 30, 2010

FREDERICK COUNTY, MARYLAND

Schedule of Expenditures of Federal
Awards and Reports of Independent
Certified Public Accountants

June 30, 2010

LINTON SHAFER WARFIELD & GARRETT, P.A.

Certified Public Accountants

Frederick, Maryland

FREDERICK COUNTY, MARYLAND

Schedule of Expenditures of Federal Awards
and Reports of Independent Certified Public Accountants

June 30, 2010

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Linton Shafer Warfield & Garrett, P.A.
Certified Public Accountants & Business Consultants

Exhibit I-A

Report of Independent Certified Public Accountants on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of County Commissioners
Frederick County, Maryland

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Frederick County, Maryland, as of and for the year ended June 30, 2010, which collectively comprise Frederick County, Maryland's basic financial statements and have issued our report thereon dated December 3, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Frederick County, Maryland's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Frederick County, Maryland's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Frederick County, Maryland's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of Frederick County, Maryland's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Frederick County, Maryland's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we have reported to management of Frederick, County, Maryland, in a separate letter dated December 3, 2010.

This report is intended solely for the information and use of the audit committee, management, the Board of County Commissioners and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Linton Shafer Warfield & Garrett, P.A.

December 3, 2010

March 23, 2011



Linton Shafer Warfield & Garrett, P.A.
Certified Public Accountants & Business Consultants

Exhibit I-B

Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

Board of County Commissioners
Frederick County, Maryland

Compliance

We have audited Frederick County, Maryland's compliance with the types of compliance requirements described in *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Frederick County Maryland's major federal programs for the year ended June 30, 2010. Frederick County, Maryland's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each if its major federal programs is the responsibility of Frederick County, Maryland's management. Our responsibility is to express an opinion on Frederick County, Maryland's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Frederick County, Maryland's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Frederick County, Maryland's compliance with those requirements.

In our opinion, Frederick County, Maryland complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. However, the results our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-1 and 2010-2.

Internal Control over Compliance

Management of Frederick County, Maryland is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Frederick County, Maryland's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Frederick County, Maryland's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-1 and 2010-2. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Frederick County, Maryland, as of and for the year ended June 30, 2010, and have issued our report thereon dated December 3, 2010, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part

of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of American. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Frederick County, Maryland's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Frederick County, Maryland's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the Board of County Commissioners, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Linton Shafer Warfield & Garrett, P.A.

December 3, 2010

March 23, 2011

Frederick County, Maryland
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Federal Expenditures
U.S. Department of Agriculture		
Pass-through programs from:		
State Department of Education:		
Child Care Food Program	10.558	\$ 111,585
State Department of Human Resources:		
Temporary Food Assistance	10.568	<u>6,906</u>
Total U.S. Department of Agriculture		<u>\$ 118,491</u>
U.S. Department of Housing and Urban Development		
Pass-through programs from:		
State Department of Housing and Community Development:		
Community Development Block Grants	14.228	\$ 1,486,600
Emergency Shelter Program	14.231	25,167
Special Loan Program/Star	14.239	362,340
ARRA Homeless Prevention & Rapid Rehousing Program (HPRP)	14.257	20,583
Mod-Rehab Program	14.856	129,660
Voucher Program	14.871	4,879,913
Family Unification Program (FUP)	14.880	<u>33,618</u>
Total U.S. Department of Housing and Urban Development		<u>\$ 6,937,881</u>
U.S. Department of the Interior - National Park Service		
Pass-through programs from:		
Maryland Historical Trust:		
Certified Local Government	15.904	\$ 700
Total U.S. Department of the Interior - National Park Service		<u>\$ 700</u>
U.S. Department of Justice		
Direct Programs:		
Alien Assistance Program	16.606	\$ 139,452
Bullet Proof Vest Grant	16.607	<u>3,432</u>
		<u>\$ 142,884</u>
Pass-through programs from:		
Governor's Office of Crime Control and Prevention:		
Byrne Justice Assistance Grant	16.738	\$ 6,800
ARRA Edward Byrne Memorial Justice Assistance Grant	16.803	<u>115,879</u>
		<u>\$ 122,679</u>
Pass-through programs from:		
State Department of Human Resources:		
Crime Victim Assistance	16.575	<u>\$ 96,315</u>
Total U.S. Department of Justice		<u>\$ 361,878</u>

Frederick County, Maryland
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

U.S. Department of Labor			
Pass-through programs from:			
Department of Labor, Licensing and Regulation:			
	Trade Adjustment Assistance	17.245 \$	10,260
	WIA Adult Program	17.258	94,682
ARRA	WIA Adult Program	17.258	45,224
	WIA Youth Activities	17.259	117,114
ARRA	WIA Youth Activities	17.259	81,645
	WIA Dislocated Workers	17.260	278,447
ARRA	WIA Dislocated Workers	17.260	281,536
Total U.S. Department of Labor		\$	908,908
U.S. Department of Transportation			
Pass-through programs from:			
State Department of Transportation:			
ARRA	Highway Capital Projects	20.205 \$	2,084,147
	Bridge Projects	20.205	830,708
	Mass Transit/Capital Outlay	20.507	3,247,344
ARRA	Mass Transit/Capital Outlay	20.507	646,550
	Rural Public Transportation	20.509	239,285
	State Planning & Research Program	20.515	14,840
Total U.S. Department of Transportation		\$	7,062,874
National Foundation of the Arts and Humanities			
Pass-through programs from:			
Maryland Department of Education:			
	Staff Development/Language Collection	45.310 \$	8,000
Total National Foundation of the Arts and Humanities		\$	8,000
U.S. Environmental Protection Agency			
Pass-through programs from:			
Maryland Department of the Environment:			
ARRA	Ballenger McKinney WWTP ENR Upgrade & Expansion Loan	66.458 \$	2,972,188
	Lower Monocacy	66.460	113,131
Total U.S. Environmental Protection Agency		\$	3,085,319
U.S. Department of Energy			
Direct Programs:			
ARRA	Energy Efficiency Conservation Block Grant	81.128 \$	79,617
Total U.S. Department of Energy		\$	79,617
U.S. Department of Education			
Pass-through programs from:			
Maryland Department of Education:			
	Individuals Disabilities Education Act (IDEA part B)	84.027 \$	41,109
	DORS Year Round	84.126	2,320
	Individuals Disabilities Education Act (IDEA part B 619)	84.173	7,000
	Individuals Disabilities Education Act (IDEA part C)	84.181	239,322
	Parental Information Resource Center (PIRC)	84.310	6,340
ARRA	DORS Youth Summer Jobs	84.390	19,922
ARRA	Individuals Disabilities Education Act (IDEA part C)	84.393	164,036
Total U.S. Department of Education		\$	480,049

Frederick County, Maryland
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

U.S. Department of Health and Human Services

Direct Programs:

	Head Start	93.600	\$	1,999,356
ARRA	Head Start	93.708		147,876
				\$ 2,147,232

Pass-through programs from:

Maryland Office of Aging:

	Ombudsman Services for Older Individuals	93.042	\$	22,752
	Aging Title IIID	93.043		11,250
	Aging Title IIIB	93.044		170,435
	Aging Title IIIC	93.045		265,043
	Special Programs for the Aging Title IV and Title II Discretionary Projects	93.048		8,775
	National Family Caregiver Support	93.052		64,908
	Nutrition Services Incentive Program	93.053		44,527
ARRA	Aging Home Delivered Nutrition Services for States Recovery	93.705		4,500
ARRA	Aging Congregate Nutrition Services for States Recovery	93.707		1,448
	Medicaid Waiver Program	93.778		36,587
	Senior Health Insurance Program	93.779		25,188
				\$ 655,413

Pass-through programs from:

Maryland Department of Education:

	Healthy Families	93.558	\$	308,191
	Child Care & Development Block Grant	93.575		11,256
	Family Support Center	93.590		45,810
				\$ 365,257

Pass-through programs from:

Maryland Department of Health & Mental Hygiene:

	Smoke Alarms for Everyone	93.136	\$	3,419
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Pass-through programs from:

Maryland Department of Human Resources:

	Promoting Safe and Stable Families	93.556	\$	158,492
	Family Preservation/Youth Summer Jobs	93.558		475,835
	Child Support Enforcement	93.563		1,067,164
ARRA	Child Support Enforcement	93.563		1,128
				\$ 1,702,619

Total U.S. Department of Health and Human Services

\$ 4,873,940

U.S. Department of Homeland Security

Pass-through programs from:

Maryland Emergency Management Agency:

	Hazard Mitigation Grant	97.039	\$	426
	Emergency Management Performance	97.042		119,335
	Homeland Security Grant Program	97.067		747,666

Total U.S. Department of Homeland Security

\$ 867,427

Total Expenditures of Federal Awards**\$ 24,785,084**

FREDERICK COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2010

(1) SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133

All federal award programs operated by the County are included in the scope of the OMB Circular A-133 (revised), "Audits of States, Local Governments, and Non-Profit Organizations". The single audit was conducted in accordance with the provision of The Single Audit Act of 1984, as amended by the Single Audit Act Amendment of 1996, OMB Circular A-133 (revised) and OMB Circular A-133 Compliance Supplement (March 2008 revision), as well as in accordance with generally accepted auditing standards. Compliance testing of all general requirements, as described in the Compliance Supplement, was performed. Compliance testing of specific requirements was performed for the following major federal award programs. These programs represent 59.83 percent of total expenditures of federal awards, which satisfies the criteria for Frederick County, which was determined to be a "low risk" auditee.

Major Programs

CFDA #	Grant Description	Fiscal Year 2010 Federal Expenditures
14.228	Community Development Block Grants	\$ 1,486,600
14.257	Homeless Prevention & Rapid Rehousing Program	20,583
16.803	Eward Byrne Memorial Justice Assistance Grant	115,879
17.258, 17.259, and 17.260	WIA Cluster	898,648
20.205	Highway Capital Bridge Projects	2,914,855
20.507	Mass Transit/Capital Outlay	3,893,894
20.509	Rural Public Transportation	239,285
66.458	Ballenger McKinney WWTP ENR Upgrade & Expansion	2,972,188
81.128	Energy Efficiency Conservation Block Grant	79,617
84.181 and 84.393	Individuals Disabilities Education Act (IDEA Part C) Cluster	403,358
84.390	DORS Youth Summer Jobs	19,922
93.705 and 93.707	Aging Home Delivered Nutrition Services & Aging Congregate	5,948
93.563	Child Support Enforcement	1,068,292
97.067	Homeland Security Grant Program	747,666
Total Expenditures		\$ 14,866,735

The Department of Health and Human Services has been designated as the County's oversight agency for the OMB Circular A-133 audit.

FREDERICK COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2010

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Frederick County Board of Education and Frederick Community College, as legally separate component units of Frederick County Government, are excluded from the scope of this single audit. Independent single audits are conducted for each of these component units. In addition, the Frederick County Health Department is also excluded from the scope of this single audit as it is covered under the State of Maryland's Single Audit.

The Frederick County Accounting Department maintains the primary accounting records for grant monies. The transactions of these grants and entitlements are reported in governmental funds of the County and are, therefore, accounted for on the modified accrual basis of accounting.

The County reports the status of direct federal funds received to the respective federal agencies using the standardized Financial Status Report (FSR) for all nonconstruction projects or programs. OMB Circular No. A-102 (Amended August 1997) provides that even though the Federal grantor agency requires accrual information, if the grantee's (Frederick County) accounting records are not normally kept on the accrual basis, the grantee is not required to convert its accounting system, but may develop the additional accrual information through analyzing documentation on hand. This is the procedure followed by Frederick County Government to prepare FSR's.

There is no standardized reporting procedure for the federal funds passed through by the State of Maryland. Reporting requirements vary depending upon the requirements of the State agency providing the funds.

Basis of Presentation

The accompanying schedule of expenditures of federal awards has been presented to inform County officials, grantor agencies and other users of grant information of the sources and uses of federal grant funds for the period ended June 30, 2010. This schedule has been prepared in accordance with accounting principles generally accepted in the United States of America. This schedule contains relevant financial information as would be presented on an FSR or other financial report for the respective period. Because these financial statements are presented on the basis of accounting as described above, certain amounts will not agree with those reported in the governmental funds of the County in its basic financial statements.

FREDERICK COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2010

(3) DESCRIPTION OF MAJOR AWARDS

The funding received by the County is in the form of grants or loans. A grant is a contribution or gift of cash or other assets from another government to be used or expended for a specified purpose, activity, or facility. A loan from another government must be repaid over a specified period of time usually at a reduced rate of interest. The proceeds from a loan must also be expended for a specified purpose.

The following is a description of the major grants/loans received by Frederick County from the federal government and included in the Single Audit.

Community Development Block Grants (14.228)

The objective of the Community Development Block Grant is the development of viable communities by providing decent housing, a suitable living environment, and expanded economic opportunities, principally for persons of low and moderate income. This objective can be achieved in two ways. First, funds can only be used to assist eligible activities that fulfill one or more of three national objectives. Second, the grantee must spend at least 70 percent of its funds over a period of up to three years, as specified by the grantee in its certification, for activities that address the national objective of benefitting low and moderate income persons.

Homelessness Prevention & Rapid Rehousing Program (14.257 ARRA)

The objectives of the Homelessness Prevention & Rapid Rehousing Program, as authorized by the American Recovery and Reinvestment Act of 2009, are to provide homelessness prevention assistance to households who would otherwise become homeless, many due to the economic crisis, and to provide assistance to rapidly re-house persons who are homeless as defined by Section 103 of the McKinney-Vento Homeless Assistance Act.

Eward Byrne Memorial Justice Assistance Grant (16.803 ARRA)

Eward Byrne Memorial Justice Assistance Grant funds support all components of the criminal justice system from multi-jurisdictional drug and gang task forces to crime prevention and domestic violence programs, courts, corrections, treatment, and justice information sharing initiatives. JAG-funded projects may address crime through the provision of services directly to individuals and/or communities and by improving the effectiveness and efficiency of criminal justice systems, processes, and procedures.

Workforce Investment Cluster Act Cluster (17.258, 17.258 ARRA, 17.259, 17.259 ARRA, 17.260, 17.260 ARRA)

The Workforce Investment Act (WIA) Cluster is comprised of the Adult, Youth and Dislocated Worker Programs. These programs are authorized by the Workforce Investment Act of 1998; these are administered by the Federal Department of Labor.

FREDERICK COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2010

(3) DESCRIPTION OF MAJOR AWARDS (continued)

Workforce Investment Cluster Act Cluster (17.258, 17.258 ARRA, 17.259, 17.259 ARRA, 17.260, 17.260 ARRA) (continued)

The objectives of the Workforce Investment Act Cluster programs are to improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the nation's economy.

The programs are intended to be customer-focused, to help Americans access the tools they need to manage their careers through information and high quality services, and to help U.S. companies find skilled workers. Programs for adults and dislocated workers seek to improve employment, retention, and earnings of WIA participants and increase their educational and occupational skill attainment, thereby improving the quality of the workforce, reducing welfare dependency, and enhancing national productivity and competitiveness. Programs for youth activities seek to increase attainment of basic skills, work readiness or occupational skills, and secondary diplomas or other credentials.

Highway Capital Projects & Bridge Projects (20.205 ARRA, 20.205)

The Bridge Projects grant is a federal-aid highway program categorized in the Catalog of Domestic Federal Assistance as Highway Planning and Construction. These programs are administered by the Federal Highway Administration, Department of Transportation.

The objectives of the Highway Planning and Construction grants is to assist state transportation agencies in the planning and development of an integrated, interconnected transportation system which is important to interstate commerce and travel by constructing and rehabilitating the National Highway System (NHS), including the Interstate System; and for transportation improvements to all public roads; to replace or rehabilitate deficient or obsolete bridges and to provide for special purposes.

Mass Transit/Capital Outlay (20.507 & 20.507 ARRA)

The objectives of the Mass Transit/Capital Outlay Grants are to assist in financing the planning, acquisition, construction, preventive maintenance, and improvement of facilities and equipment in public transportation services. Operating expenses are also eligible under the program in urbanized areas with population of less than 200,000 and, under some limited exceptions, to some urbanized areas with population of 200,000 and above.

Rural Public Transportation (20.509)

The objectives of the formula program are to initiate, improve, or continue public transportation service in non-urbanized areas by providing financial assistance for operating and administrative expenses, and for the acquisition, construction, and improvement of facilities and equipment. In addition, it specifically provides for the support of rural inter-city bus service. The Rural Transit Assistance Program, provides additional funding to provide training, technical assistance, research and related support services to support rural transit service.

FREDERICK COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2010

(3) DESCRIPTION OF MAJOR AWARDS (continued)

Ballenger McKinney WWTP ENR Upgrade & Expansion Loan (66.458 ARRA)

The objectives of the Capitalization Grants for Clean Water State Revolving Funds (CWSRF) are to create and maintain Clean Water State Revolving Funds to (1) enable states to encourage construction of wastewater treatment facilities to meet the enforceable requirements of the Clean Water Act; (2) increase the emphasis on non-point source pollution control and protection of estuaries, and (3) establish permanent financing institutions in each state to provide continuing sources of financing to maintain water quality. The program provides loans and other types of financial assistance (but not grants) to qualified communities and local agencies. The CWSRF is a permanent revolving fund to provide loans and other assistance

Energy Efficiency Conservation Block Grant (81.128 ARRA)

The program provides financial and technical assistance to assist state and local governments create and implement a variety of energy efficiency and conservation projects. The program's objectives are: (1) to reduce fossil fuel emissions created as a result of activities within the jurisdictions of eligible entities; (2) to reduce the total energy use of the eligible entities; (3) to improve energy efficiency in the transportation, building and other sectors.

Individuals with Disabilities Education Act Idea Part C (84.181 and 84.393 ARRA)

The purposes of the Individuals with Disabilities Education Act (Idea) Part C are to: (1) develop and implement a statewide, comprehensive, coordinated, multi-disciplinary inter-agency system that provides early intervention services for infants and toddlers with disabilities and their families, (2) to facilitate the coordination of payment for early intervention services from Federal, State, local and private sources, (3) to enhance the State's capacity to provide quality early intervention services and expand and improve existing early intervention services being provided to infants and toddlers with disabilities and their families, and (4) to encourage states to expand opportunities for children under the age of three years who would be at risk of having substantial developmental delay if they did not receive early intervention services.

DORS Youth Summer Jobs (84.390 ARRA)

The purpose of Title I of the Rehabilitation Act of 1973, as amended (Act), which authorized the State Vocational Rehabilitation (VR) Services Program, is to assist States in operating statewide comprehensive, coordinated, effective, efficient, and accountable VR programs, each of which is: (1) an integral part of a statewide workforce investment system; and (2) designed to assess, plan, develop, and provide VR services for individuals with disabilities, consistent with their strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choice, so that such individuals may prepare for and engage in gainful employment.

FREDERICK COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2010

(3) DESCRIPTION OF MAJOR AWARDS (continued)

Aging Home Delivered Nutrition Services and Aging Congregate for States (93.705 ARRA and 93.707 ARRA)

The purposes of this grant program are to: (1) reduce hunger and food insecurity, (2) promote socialization of older individual, and (3) promote the health and well-being of older individuals by helping them gain access to nutrition and other disease prevention and health promotion services to delay the onset of adverse health conditions resulting from poor nutritional health or sedentary behavior. Services are provided through this program to individuals aged 60 or older, in a congregate setting or in-home. These services include meals, nutrition education, nutrition counseling, and nutrition screening and assessment, as appropriated.

Child Support Enforcement (93.563, 93.563 ARRA)

The objectives of the Child Support Enforcement programs are to: (1) enforce support obligations owed by non-custodial parents, (2) locate absent parents, (3) establish paternity, and (4) obtain child and spousal support.

Homeland Security Grant Program (97.067)

The Homeland Security Grant Program (HSGP) is intended to improve and significantly enhance the ability of the Nation to prevent, deter, respond to and recover from, threats and incidents of terrorism and to enhance regional preparedness. The HSGP provides financial assistance to the States and through the States to local governments to support activities such as planning, equipment, training, and exercises to address critical resource gaps identified in the assessments and priorities outlined within each States' Homeland Security Strategy. States are encouraged to develop regional approaches to planning and preparedness and to adopt, as appropriate, regional response structures.

(4) FINDINGS AND RECOMMENDATIONS

Any findings of noncompliance identified in connection with the 2010 Single Audit are disclosed in the Schedule of Findings and Questioned Costs. The Grantee's responses are included in the Schedule of Findings and Questioned Costs.

In addition, the findings reported in the 2009 Single Audit are disclosed in the accompanying Summary Schedule of Prior Year Findings and Questioned Costs.

FREDERICK COUNTY, MARYLAND
Schedule of Findings and Questioned Costs
For the year ended June 30, 2010

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Frederick County, Maryland.
2. No significant deficiencies in internal control were noted during the audit of the basic financial statements.
3. No instances of noncompliance material to the basic financial statements of Frederick County, Maryland, were disclosed during the audit.
4. Two significant deficiencies in internal control over major federal award programs are reported in the Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133. The deficiencies are not reported as material weaknesses.
5. The auditors' report on compliance for the major federal award programs for Frederick County, Maryland, expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for Frederick County, Maryland are reported in this Schedule.
7. The programs tested as major programs included:

Community Development Block Grants	14.228
Homeless Prevention & Rapid Rehousing Program	14.257
Eward Byrne Memorial Justice Assistance Grant	16.803
WIA Cluster	17.258, 17.259, and 17.260
Highway Capital Bridge Projects	20.205
Mass Transit/Capital Outlay	20.507
Rural Public Transportation	20.509
Ballenger McKinney WWTP ENR Expansion	66.458
Energy Efficiency Conservation Block Grant	81.128
Individuals Disabilities Education Act (IDEA Part C) Cluster	84.181 and 84.393
DORS Youth Summer Jobs	84.390
Aging Home Delivered Nutrition Services & Aging Congregate	93.705 and 93.707
Child Support Enforcement	93.563
Homeland Security Grant Program	97.067

8. The threshold for distinguishing Types A and B programs was \$685,002.
9. Frederick County, Maryland, was determined to be a low-risk auditee.

FREDERICK COUNTY, MARYLAND
Schedule of Findings and Questioned Costs
For the year ended June 30, 2010

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

Significant Findings

2010-1 U.S. Department of Housing and Urban Development

State Department of Housing and Community Development

Community Development Block Grants-CFDA No. 14.228; Grant No. MD-NCI-2; Grant Period-Year Ended June 30, 2010

U.S. Department of Transportation

State Department of Transportation

Highway Capital Projects (ARRA) and Bridge Projects-CFDA No.20.205; State Project Nos. FR219ZM1 (ARRA), FR222ZM1 (ARRA) and FR517ZM2; Grant Period-Year Ended June 30, 2010

U.S. Environmental Protection Agency

Maryland Department of the Environment

Ballenger McKinney WWTP ENR Upgrade & Expansion Loan (ARRA)- CFDA No. 66.458; Grant No. WQSL 08-497-11L; Grant Period-Year Ended June 30, 2010

Condition: Certain federal expenditures were not included on the original Schedule of Expenditures of Federal Awards.

Criteria: All federal expenditures should be included on the Schedule of Expenditures of Federal Awards in the year the federal expenditures are incurred.

Effect: During our audit it was discovered that certain federal expenditures were incorrectly calculated from the original copy of the Schedule of Expenditures of Federal Awards as compiled by Frederick County, Maryland. The Community Development Block Grants were overstated by \$13,064; the Highway Capital Projects (ARRA) were understated by \$984,512; the Bridge Projects were understated by \$57,684; and the Ballenger McKinney WWTP ENR Upgrade Expansion Loan (ARRA) was understated by \$922,853. The net effect, the original Schedule of Expenditures of Federal Awards was understated by \$1,951,985.

Cause: Expenditures were not originally reported correctly as Federal expenditures for the period ended June 30, 2010.

Recommendation: All Federal expenditures should be reported in the proper period.

Views of Responsible Officials and Planned Corrective Actions: Staff concurs with the recommendation. The above items were corrected in the published version of the Schedule of Expenditures of Federal Awards as they were brought to our attention. Appropriate procedural changes are being implemented to try to avoid this from happening in the future.

FREDERICK COUNTY, MARYLAND
Schedule of Findings and Questioned Costs
For the year ended June 30, 2010

Significant Findings (continued)

2010-2 Department of Health and Human Services

Maryland Office Aging

Aging Title IIIB-CFDA No. 93.044; Grant No. AAA-3-24-009; Grant Period-
Year Ended June 30, 2010

Aging Title IIIC-CFDA No. 93.045; Grant No. AAA-3-24-009; Grant Period-
Year Ended June 30, 2010

Nutrition Services Incentive Program-CFDA No. 93.053; Grant No. ST-2505-
009; Grant Period-Year Ended June 30, 2010

Condition: Some benefited time was not prorated based on the amount of hours worked per grant. We believe the amount is immaterial to the Schedule of Expenditures of Federal Awards. However, if not corrected, the overall effect could be deemed material in the future.

Criteria: Benefited time is to be prorated among the individual grant programs.

Effect: Expenditures may be overstated on certain grants while understated on others.

Cause: Certain staff was unaware that the time and billing system was not automatically prorating benefited time.

Recommendation: Discuss the option with Interagency Information Technology staff of having the time and billing software and/or PeopleSoft modified to automatically perform this function. Also, inform all staff that benefited time must be prorated.

Views of Responsible Officials and Planned Corrective Actions: Staff concurs with the recommendation. The time and billing system does prorate benefited time if the individual employee has reallocations setup in the system. If worked time is manually reallocated, the allocation of benefited time does not work properly. Finance staff will meet with Interagency Information Technology staff to investigate the possibility of modifying the system to automatically prorate benefited time off for those individuals that manually reallocate their time.

Several years ago Finance Staff held a special training session with employees who work on grant programs to instruct them of the correct way to allocate both time worked and benefited time. Finance will schedule another meeting to go over the correct way to record benefitted time and will make this a regular and reoccurring process. (This will only be necessary if Interagency Information Technology cannot make the allocation automatic.)

FREDERICK COUNTY, MARYLAND
Summary Schedule of Prior Year Findings and Questioned Costs
For the year ended June 30, 2010

A. FINDINGS – FINANCIAL STATEMENT AUDIT

None

B. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

None